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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Federal-State Joint Board on
Universal Service

Forward-Looking Mechanism
for High Cost Support for
Non-Rural LECs

CC Docket No. 96-45

CC Docket No. 97-160

DA 98-1587

REPLY COMMENTS OF BELL ATLANTIC¹ ON MODEL PLATFORM

The comments make clear that while the hybrid cost proxy model appears to improve in some respects on previous proposals, it still suffers from a number of defects that are inherent in these types of models. While it is difficult to draw more specific conclusions without additional data on the model, it is clear that the identified problems become more pronounced as the data is viewed on a more localized basis. As a result, whatever model is ultimately adopted, it should not be used for anything other than determining relative state-wide costs.

Since the bureau released the model with geocoded test data for the single state of Maryland, only Bell Atlantic was able to compare the model results to actual wire center

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, DC, Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company and New England Telephone and Telegraph Company.

line counts and loop lengths. Bell Atlantic, 5-7 & Attachment. Like all of the previous models, the bureau's model produces wildly varying results at the wire center level. It is not clear whether use of actual geocoded data for Maryland, instead of the surrogate geocoded test data that was released with the model, would improve the results. Nor is there any way of knowing how results for other states, particularly more rural states, would compare to the results for Maryland.² In particular, there has been no demonstration that geocoded data is available nationwide on an economic basis. Regardless, geocoding for rural areas has shown to be inaccurate. GTE, 8.

In addition, it appears that the hybrid cost proxy model suffers from the same inherent flaw as the other models – it takes far too few variables into account, and completely ignores geographic features such as roads, rivers, mountains, rights of way, and myriad other factors that determine the placement and cost of outside plant.³ The model's use of a uniform "road factor" to convert calculated distances to actual route distances, while potentially feasible at a statewide level of aggregation, fails to capture

² The Joint Sponsors claim that when geocoded data are not available for most customers in a wire center, greater accuracy can be obtained by using estimated locations for all customers in that wire center. Joint Sponsors, A-3 to A-7. Data for the entire country would allow the Commission and the commenters to test this hypothesis.

³ BJA, 13. BJA states that it has developed a model that uses actual road locations and other "geographic data sets" to create a more realistic proxy network. Western Wireless states (at 3) that it is developing a wireless cost model that it claims will identify where wireless technologies are more cost effective. While Bell Atlantic has supported the concept that wireless service may in some circumstance offer an economic alternative, neither of these parties' claims can be evaluated at this time, since these models have not been submitted to the Commission for the record. See Forward-Looking Mechanism for High Cost Support for Non-Rural LECs, 12 FCC Rcd 18514, ¶178 (1997).

differences in geographic features at the wire center level. Joint Sponsors, A-14. Even if the bureau improved the methods of locating customers and grouping them into serving areas, it would have to drastically enlarge the scope of the model to realistically estimate the forward-looking cost of constructing a network in each wire center.

All of the commenters were constrained in their ability to evaluate the model due to the limited amount of test data that were released with the model. *See, e.g.*, AT&T, 5-7; GTE, 3; Joint Sponsors, A-14. The commenters also point out that the model is not sufficiently documented; that the programming language used in the model and the structure of the program make it difficult to analyze; that the model takes a long time to run, even for just one state; and that it is impossible to determine how the model, which is limited to customer location and outside plant modules, would interact with switching and transport modules in a complete proxy model. GTE, 2-5, 18-20; Joint Sponsors, A-15 to A-16. These factors prevented the commenters from fully assessing the model, even on a theoretical basis.

The Commission cannot adopt the hybrid cost proxy model as the basis for allocating hundreds of millions of dollars of high-cost support without giving the public an adequate opportunity to comment. In addition to the need to provide the industry with geocoded data for all states, the bureau should conduct a public forum where the industry can raise questions that cannot be answered from the existing documentation, and discuss possible modifications or different approaches that could improve the model. Finally, the bureau should not go forward until it has provided an opportunity for comment on a

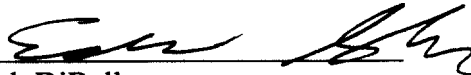
complete model, including all switching and transport modules, together with all cost and statistical inputs. GTE, 12.

Conclusion

The hybrid model requires further evaluation with additional data. Regardless, any model of this type should not be used for anything other than determining relative state-wide costs.

Respectfully submitted,

Of Counsel
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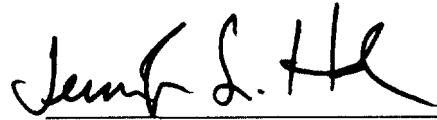
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CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of September, 1998, a copy of the foregoing
"Reply Comments of Bell Atlantic" was sent by first class mail, postage prepaid, to the parties
on the attached list.



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